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House. Appropriations. 60-1.

Hearings on Urgent Deficiency in
Appropriation for Armament and
Armor for Naval vessels - Letters
regarding paper for checks and
drafts.

60-57 1-21
f. Apr 6: N22 ✓

HEARINGS

BEFORE



SUBCOMMITTEE OF HOUSE COMMITTEE ON APPROPRIATIONS

CONSISTING OF

MESSRS. TAWNEY, VREELAND, KEIFER, BRUNDIDGE, Jr.,
AND LIVINGSTON

IN CHARGE OF

DEFICIENCY APPROPRIATIONS FOR 1908 AND PRIOR YEARS

ON

URGENT DEFICIENCY IN APPROPRIATION
FOR ARMAMENT AND ARMOR FOR
NAVAL VESSELS.

WASHINGTON
GOVERNMENT PRINTING OFFICE
1908



(C)

APPROPRIATION FOR ARMAMENT AND ARMOR FOR NAVAL VESSELS.

THURSDAY, *March 26, 1908.*

ARMOR AND ARMAMENT FOR NAVY, 1908.

STATEMENT OF HON. VICTOR H. METCALF, SECRETARY OF THE NAVY, ACCOMPANIED BY ADMIRAL N. E. MASON, CHIEF OF BUREAU OF ORDNANCE.

The CHAIRMAN. Mr. Secretary, we have before the committee this morning an urgent deficiency appropriation bill, with an estimated deficiency in the current appropriation for armor and armament of domestic manufacture for vessels authorized of \$2,000,000. I observe that your estimate for this purpose for the fiscal year 1908 was \$9,000,000 and your appropriation for the same purpose was \$10,000,000. In other words, you were given a million dollars more than you originally estimated, and still you have a deficiency of \$2,000,000.

Will you state, Mr. Secretary, who determines the policy of expending these appropriations made by Congress and approved by the Executive for a given fiscal year in your Department?

Mr. METCALF. The requests for appropriations come to the head of the Department direct from the bureau chiefs, and then the head of the Department goes over those estimates with the bureau chiefs and strikes out all items that in his judgment are not necessary, or that can be dispensed with, or that can go over until another year.

The CHAIRMAN. That is in regard to estimates?

Mr. METCALF. Yes, sir.

The CHAIRMAN. But when an appropriation has been made by Congress and approved by the Executive for a given service in your Department for a certain fiscal year, who determines the policy with respect to the expenditure of that appropriation so as to make it cover the year for which the appropriation is made?

Mr. METCALF. The head of the Department.

The CHAIRMAN. Why is it, then, that this appropriation, which is a million dollars in excess of the estimates, is not sufficient to meet the requirements?

Mr. METCALF. It subsequently transpired that that appropriation was not sufficient, and a letter was written to the chairman of the Committee on Naval Affairs calling attention to the matter, and asking for an additional appropriation of \$2,000,000. May I ask Admiral Mason to come in? He is thoroughly familiar with all these matters.

The CHAIRMAN. Yes; certainly.

The point I want to bring out, Mr. Secretary, is that we want some information in regard to the practice of your Department.

When Congress, with the approval of the Executive, makes an appropriation for a given object to cover an entire fiscal year, does not the Department accept that as the judgment of the legislative and executive branches of the Government as to the amount of money that should be expended for that purpose during that year?

Mr. METCALF. Certainly.

The CHAIRMAN. Then do you not, in formulating your instructions or your policy in regard to the expenditures of appropriations, form your policy so that the expenditure will last you throughout the year, or do you go on expending, regardless of the amount appropriated?

Mr. METCALF. The Navy Department is somewhat different from the other Departments. When Congress authorizes the building of ships and appropriates money for that purpose, we award contracts for the hull and machinery; the Department furnishes the armor and armament; contracts are made by the Department with the manufacturers for the armor and armament. The armor is to be delivered at certain times, at certain fixed periods, and the armor and armament must be delivered to the contractors so as to be installed on the ships. If there is any delay in the delivery of the armor or armament, it results in claims for damages being presented by the contractors against the Government.

This, in my judgment, is not a deficiency, because the work has been authorized by Congress.

The CHAIRMAN. It is not a deficiency that is prohibited by law, because it is a public work authorized by Congress within a certain limit of cost, and as long as the expenditure is kept within the limit of cost it is not perhaps a deficiency prohibited by the statute. But notwithstanding that, independent of the antideficiency statute, when you make your contracts for armor and armament and the contractor agrees as to the amount that is to be delivered at different times, do you aim to have the amount and the deliveries come within the appropriations for that year?

Mr. METCALF. Those are the instructions that are given by the Department to the bureau chiefs.

The CHAIRMAN. I observe the statement in your letter transmitting this estimate, where you say, "It was not deemed advisable to curtail the activities of the Ordnance Department in order to keep the expenditure within this decreased appropriation." Now, as a matter of fact, the appropriation was not decreased. The appropriation was a million dollars more than the estimate. I notice also your further statement that "It now develops that the estimate of the Bureau of Ordnance was approximately correct and the amount of the difference between the estimate and the appropriation—that is, \$2,000,000—is necessary to continue work during the remainder of the fiscal year," would seem to indicate that your policy and the policy of your Department was not to be governed by the amount of the appropriation, but by the activities of the Bureau.

Mr. METCALF. Well, I took charge of the Department on the 17th of December, 1906. I think the estimates had all been prepared and sent in before I took charge of the Department. On January 29 the chief of the Bureau of Ordnance addressed this communication to me—

Mr. VREELAND. What January?

Mr. METCALF. January 29, 1907. (Reads:)

Referring to H. R. 24925 (Report No. 6713), making appropriation for the naval service for the fiscal year ending June 30, 1908, and for other purposes:

The Bureau invites attention to page 81, lines 3 to 17. Inasmuch as the bill as reported authorizes the construction of an additional first-class battle ship, similar in all essential characteristics and additional to the battle ship authorized by the act making appropriations for the naval service for the fiscal year ending June 30, 1907, and two torpedo-boat destroyers, this increase will make it necessary to increase the amount appropriated in the naval bill, page 83, lines 15 to 17, under the heading "Armor and armament," from \$9,000,000 to \$12,000,000, the \$3,000,000 additional being for commencing work on the extra battle ship and the two new destroyers. It is urgently recommended that this matter be brought to the attention of Congress, as the amount is absolutely necessary for the purpose mentioned.

That was the first time that my attention was called to the necessity for an increase in the appropriation for armor and armament.

The CHAIRMAN. That was January 29, 1907?

Mr. METCALF. Yes; January 29, 1907.

The CHAIRMAN. Did you transmit that estimate for an increase of the appropriation for that item to Congress?

Mr. METCALF. As I understand it, a letter was directed to the chairman of the House Committee on Naval Affairs, but not transmitted through the Treasury Department.

The CHAIRMAN. You understand that the transmission of supplemental estimates is governed by the same statutes as the transmission of annual estimates, and perhaps for that reason the Committee on Naval Affairs took no account of it.

Mr. VREELAND. In order to get the facts upon which we are working let me state what took place. After the hearings on the last naval appropriation bill had closed, the Committee on Naval Affairs received supplemental estimates from the Navy Department for \$3,000,000 more worth of armament.

The CHAIRMAN. Was that in the nature of a supplemental estimate, or a letter from the Department?

Mr. VREELAND. It was a supplemental estimate from the Department in the form of a letter. Perhaps it was not technically in the proper form, but that amount was asked for.

The CHAIRMAN. It was a request for an additional appropriation of \$3,000,000?

Mr. VREELAND. Yes. The hearings having closed the committee decided not to take it up at that time. It was also sent to the Naval Committee of the Senate. I think that Mr. Foss told me that at the conference between the two Houses they figured as closely as they could on the amount that had been estimated and as to the rapidity of building these ships in previous years, and they decided they would be fairly safe in leaving it at \$10,000,000; that it would probably not be needed until the next naval bill would be in. I think the speed in the building of battle ships in the last year has exceeded that of previous years. Therefore this opinion of the Committee on Naval Affairs was erroneous, and for that reason. Is that right, Admiral?

Admiral MASON. Yes.

Mr. METCALF. And Congress authorized the addition of a battle ship and two torpedo destroyers.

Admiral MASON. The rapidity of construction has gone ahead of what it ever was before.

The CHAIRMAN. Let me ask you, Admiral: Was the manufacture and delivery of armor and armament more rapid than was prescribed in the contracts with the Department?

Admiral MASON. We made the contracts. We stipulated much earlier deliveries, simply because it was the policy of the Department to expedite the construction of these ships in every possible way.

The CHAIRMAN. When you made the contract you made it after the appropriation was made?

Admiral MASON. Yes; we made the contract after the appropriation was made.

The CHAIRMAN. When you made the contract you knew you were contracting for the delivery of more armor than could be paid for out of the appropriation that had been made?

Admiral MASON. We made a contract for the ships, which will last over for two years longer. The contracts cover all the armor and armament for the ships, and this money that we got is only the estimated amount that we will require during one of our fiscal years. In this case we estimated \$12,000,000, and the Naval Appropriation Committee gave us \$10,000,000 instead.

The CHAIRMAN. And you went on and contracted on the basis of \$12,000,000 instead of on the basis of your appropriation?

Admiral MASON. We had unofficial communication with the chairman of the Naval Committee, and he told me that it would be handled by the committee at the next session. This I considered as a naval matter almost entirely, not a deficiency in any way; and the idea, so far as I know, was to have this extra amount put on the present naval bill, which has not yet been reported to the House.

The CHAIRMAN. One reason why I addressed myself to the inquiries I have put is because this practice of expending appropriations on the basis of estimates, rather than on the basis of the amount appropriated, up until a couple of years ago was so universal that Congress no longer had control of the amount of the appropriations, and it has been the purpose of Congress as far as possible to check that tendency on the part of the Departments.

Mr. METCALF. Every chief of bureau in the Navy Department has been instructed under no circumstances to exceed appropriations with a view to creating a deficiency, and they have been given to understand that for any delay on their part in the furnishing of materials, either armor or armament, to the contractors who are building our new ships they will be held responsible, the idea being to have our ships completed within contract time, and thus avoid delays and the claims for damages that are almost invariably presented by contractors against the Government.

With these two new battle ships the work is progressing rapidly. The keel was laid on the *North Dakota* on the 16th of December—

The CHAIRMAN. 1907?

Mr. METCALF. Yes, 1907; and on the 1st of March this year the ship was 21.41 per cent completed, and we have never made in the past such rapid progress in construction. The *Delaware* is 12.77 per cent completed, or was on the 1st of March. The *Michigan* was 45 per cent completed, and the *South Carolina* 29.5 per cent completed.

The CHAIRMAN. How many battle ships have you in course of construction?

Mr. METCALF. Four.

The CHAIRMAN. When will they be completed?

Mr. METCALF. Well, the contract time for the *Delaware* and *North Dakota* is three years.

Admiral MASON. Two years from now.

Mr. METCALF. They expect to launch the *North Dakota* on the 16th of December next.

The CHAIRMAN. The contract time will expire about the 1st of April, 1910?

Admiral MASON. They will probably be ready to deliver them ahead of time if we will take them.

There is one thing, Mr. Chairman: We do not consider this appropriation as coming under the class of an urgent deficiency.

The CHAIRMAN. It is not considered by the committee to come under the provisions of that law. If it did come within the provisions of that law, you would probably have to wait.

Mr. METCALF. I call your attention to the letter of January 29, 1907. I have just read that letter to you. That is the letter from the Chief of the Bureau of Ordnance to me. Then on January 2, 1908, the Chief of the Bureau of Ordnance addressed another communication to me, which is as follows [reads]:

NAVY DEPARTMENT, BUREAU OF ORDNANCE,
Washington, D. C., January 2, 1908.

SIR: Referring to the Department's memorandum of the 20th ultimo, requesting a statement of urgent deficiency estimates:

The Bureau desires to call the Department's attention to its letter No. 19800, of January 29, 1907, relative to appropriation "Increase of the Navy, armor and armament," as follows:

"Referring to H. R. 24925 (Report No. 6713), making appropriation for the naval service for the fiscal year ending June 30, 1908, and for other purposes:

"The Bureau invites attention to page 81, lines 3 to 17. Inasmuch as the bill as reported authorizes the construction of an additional first-class battle ship, similar in all essential characteristics and additional to the battle ship authorized by the act making appropriations for the naval service for the fiscal year ending June 30, 1907, and two torpedo-boat destroyers, this increase will make it necessary to increase the amount appropriated in the naval bill, page 83, lines 15 to 17, under the heading 'Armor and armament,' from \$9,000,000 to \$12,000,000, the \$3,000,000 additional being for commencing work on the extra battle ship and the two new destroyers.

"It is urgently recommended that this matter be brought to the attention of Congress, as the amount is absolutely necessary for the purpose mentioned."

It has been necessary to proceed with ordnance work on the additional vessels therein referred to, which were authorized by the last Congress, in addition to work on outfits for vessels previously authorized. As a consequence the Bureau finds that its appropriation of \$10,000,000 will be inadequate to meet the necessary payments during the remainder of the present fiscal year. The balance available on January 1 was approximately \$3,500,000, which is about sufficient for three and one-half months' payments. It will therefore be necessary to ask Congress for the additional \$2,000,000 to carry on the work with the diligence and expedition necessary to have the ordnance outfits in readiness when required for installation. This bears out the Bureau's prediction in the letter above referred to, when it asked that \$12,000,000 be appropriated and Congress reduced the amount to \$10,000,000.

It is impracticable to meet this deficiency by holding up bills and paying them after July 1, as was done a year ago, owing to the relatively greater amount of the deficiency due to the failure of Congress to appropriate the amount estimated to be necessary for the current fiscal year and the further fact that the estimate for next year is so much less than for some years past and is barely sufficient to meet the estimated requirements for the fiscal year 1909.

Furthermore, as this appropriation is made "toward the armor and armament" of vessels authorized, and the work must progress as rapidly as facilities will permit, it is not practicable to determine so far in advance as when the estimates are made up the exact amount that will be necessary to meet payments during the year, nor to govern the expenditures during the year as in the case of other specific appropriations.

The aim of the Bureau has always been to estimate as closely as possible under this appropriation, even though this will sometimes result in a deficiency. In the present instance the Bureau's estimates of \$12,000,000 appears to be very near the amount actually required, and when Congress reduced this amount by \$2,000,000 and appropriated only \$10,000,000 for this fiscal year it practically created the deficiency which is the subject of this letter.

The Bureau desires to be informed by the Department whether this amount should be asked for as an urgent deficiency, as a general deficiency, or first submitted to the Committee on Naval Affairs when the estimates for the next fiscal year are under consideration. This last method was followed some years ago in securing an increase of estimates from \$14,000,000 to \$18,000,000. This is not a deficiency in the ordinary sense of the word, as Congress is already aware of the Bureau's prediction that \$12,000,000 would be necessary for this fiscal year, and the chairman of the Committee on Naval Affairs requested that the matter be brought to its attention when the necessity for the additional amount became apparent.

Respectfully,

N. E. MASON,
Chief of Bureau of Ordnance.

The SECRETARY OF THE NAVY.

The CHAIRMAN. Now, in answer to your suggestion there, I just want to call your attention to this: You say that the amount estimated for would have carried you throughout the year, but that Congress did not see fit to give you the amount estimated. Your contracts had not been made until after Congress had acted?

Mr. METCALF. No.

The CHAIRMAN. And the matter that I was thinking of was, why, when you made your contracts for delivery of the stipulated amounts of armor and the dates of these several deliveries, you did not aim to make your contract in regard to delivery so as to come within the appropriation which Congress did make.

Mr. METCALF. These contracts covered the armor and armament of the two new ships authorized by Congress. The appropriation covered not only the armor and armament of these two ships, but also for ships that had previously been contracted for, and which were then in course of construction. The Government had made contracts, and it was obligated to receive the armor whenever it was delivered by the contractor, and to pay for it.

Mr. KEIFER. Was the armor and armament contracted for for the two new ships?

Mr. METCALF. After the appropriation Congress limited the cost of these two new ships to \$6,000,000 each, as I understand?

Admiral MASON. Yes.

Mr. METCALF. And then there was a general appropriation following, under the heading of "Armor and armament," "toward the armament and armor of domestic manufacture for vessels authorized, \$10,000,000;" and when we entered into the contract for the hulls and machinery for these few new ships we also entered into contracts for the armor and armament. If we had not done so there would be great delay.

Mr. KEIFER. Are not all these contracts for the building of ships and other like work made with reference to facilitating or hastening the final completion of the work and building the ships speedily, rather than made to limit the speed at which the contractor shall work?

Mr. METCALF. Yes. The Department has been extremely anxious to have the ships built and delivered in contract time.

Mr. KEIFER. In as early a time as possible?

Mr. METCALF. Yes; at as early a time as possible. The complaint has been made time and time again that the United States is behind other countries in the length of time it takes to build these ships.

Mr. KEIFER. I understand the contracts were not made to limit the speed in which the contractor was doing his work, but rather to push him to hasten his work.

Mr. METCALF. Yes.

The CHAIRMAN. As a matter of fact, Mr. Secretary, you are not authorized to make any contract for armor and armament for any ship authorized by Congress until the appropriation has been made for that armor and armament. The authority to contract for the construction of the ships excludes armor and armament from that contract, and under the general law you are not authorized to contract for armor and armament in advance of an appropriation.

Mr. METCALF. Understand me: We have on hand at the present time sufficient money to meet every obligation of the Department. There is no deficiency at the present time. Now, we can take this money; with it we can pay for armor when it is delivered, but we have practically to stop work at the Washington Gun Factory and at some of the navy-yards of the country. We purchase the rough forgings, the gun mounts, and things of that kind, and then the finished product is turned out by the Washington Navy-Yard. We can pursue one of two courses. We can take the money on hand at the present time and meet the obligations, but in that case we would have to stop work at the navy-yards and discharge the men. Or we can continue the work at the navy-yard in the manufacture of armament, and so on, and help up the bills. It is for Congress to decide which of these two courses we shall pursue.

Mr. VREELAND. I notice in the letter that the statement is made that the failure to get this money would result in the stoppage of work in the navy-yard. Was this appropriation for running the Gun Factory and for armor and armament all in the same item?

Mr. METCALF. Yes; all in one item.

The views of the Department, briefly stated, are as follows:

Congress, having authorized the building by contract of certain ships, made appropriation therefor—that is, provided the money for the hulls and machinery under “Increase of the Navy;” also provided “toward” the armor and armament of these ships certain sums. Last year, under the latter head, \$10,000,000; but the committees were then advised by the Department that \$2,000,000 more would be needed to provide armor and guns for the ships authorized.

Under these circumstances it became the duty of the Department to contract for the construction of the vessels; also to provide by contract for the necessary guns and armor. All these contracts properly required prompt performance under penalties; otherwise expensive delays would have followed.

The contractors build hulls and machinery; the Government furnishes the armor and armament. These two things must keep step with each other. When the contractors are ready to put the armor in place and to mount the guns confusion and delays follow if these are not supplied; the work is disorganized; construction can not go on systematically or economically; the contractors suffer loss; the

Government has to face claims for damages, and it does not get the ships. Sound business administration and every consideration of economy demand, therefore, that the Government should supply armor and guns needed at the right time; and earnest effort has so far been made to do this.

There was no reason why it should not be done. Congress had made appropriation "toward" this object. While it was not quite enough, as the committee were informed one year ago and as they have been kept advised since, it was nevertheless right to use the appropriation as far as it went. Precisely, the appropriation reads:

Armor and armament: Toward the armament and armor of domestic manufacture for vessels authorized, ten million dollars. (Naval act, March 2, 1907.)

This is not an appropriation of the kind to be apportioned so as to cover an entire fiscal year. On the contrary, it falls within the explicit exception set forth in the urgent deficiency act of February 27, 1906, as follows:

All appropriations made for contingent expenses or other general purposes, *except appropriations made in fulfillment of contract obligations expressly authorized by law, or for objects required or authorized by law without reference to the amounts annually appropriated therefor*, shall, on or before the beginning of each fiscal year, be so apportioned by monthly or other allotments as to prevent expenditures in one portion of the year which may necessitate deficiency or additional appropriations to complete the service of the fiscal year for which said appropriations are made.

The Department had therefore the right and it was its duty to use this appropriation "toward" the purpose for which it was made and in fulfillment of the ship contracts authorized by Congress as long as the appropriation would last.

No deficiency in the ordinary sense of that term is thus created. While \$2,000,000 more are needed, as was foreseen, if the work of naval construction authorized by Congress is to go on, it is for Congress to say whether it shall go on. It is true that we are now holding up more than half a million dollars' worth of bills that ought to be paid, being bills for work done in good faith under Government contracts. But payment of these bills is suspended merely until the Department can ascertain the will of Congress in the matter. We have money enough left of this appropriation of \$10,000,000 for armor and armament to pay all these bills and every other obligation we have entered into thereunder. It is therefore right to emphasize the fact that there is no deficiency. We can pay these bills at once, discharge all our obligations, and stop right where we are with a clean ledger; and of course unless Congress shall determine to provide the needed funds that is the proper thing to do, and it will be done. The immediate results are that several hundred men will be thrown out of employment at the navy-yards, particularly at the Washington Gun Factory; ships building under contracts authorized by law will be left at the works of the contractors uncompleted, without their armor or their guns; and the Government will doubtless be subjected to claims for damages because of such interrupted work. These are undesirable and costly conditions, and before accepting such alternative this appeal is made to this committee in consequence of the suggestion that action to meet the grave emergency that has arisen, as stated, may perhaps best be secured through an item to be placed upon the deficiency bill.

No fault can be found with the Department for entering into contracts for the construction of ships authorized by Congress; and if the Congress does not appropriate money necessary to provide guns and armor for these ships nothing remains but to stop the work.

The help of this committee is now asked, therefore, in this matter in the public interests and to promote expedition, and not because the item in question should strictly be classified as deficiency.

The CHAIRMAN. Now, Mr. Secretary, the logic of your statement leads to only one conclusion, and that is that because Congress did not appropriate the amount which was estimated to be necessary for armor and armament you proceeded nevertheless on your theory that you do not deem it advisable to restrict the activities of the Bureau, to expend the money that was appropriated at the rate that you had estimated for; and now while this is not a deficiency in the sense of being an illegal deficiency, or a deficiency that would subject the head of a Department to the penalties of the antideficiency law, it is nevertheless a deficiency in the appropriation, and it is up to Congress now to accept one of two alternatives: Either give the appropriation or stop the work in the navy-yards that are engaged in the manufacture of armament. Therefore it is in the nature of a coercive appropriation. We are simply up against that appropriation. We can either appropriate the amount to make up the difference between what you estimated and what Congress in its judgment thought was necessary, or else shut down the navy-yards and throw hundreds of people out of employment. It is in the nature of a coercive policy to compel Congress to do what the Department originally thought was necessary.

Mr. METCALF. It is not intended in any sense to be coercive. The sole desire of the Department is to have these ships built within contract time; and when a contract is entered into for the building of a ship, and the appropriation is made for armor and armament, it seems to me it is clearly the duty of the Department to provide the armor and armament as the contractors require it.

The CHAIRMAN. Nevertheless, your own statement impliedly admits that the activities of the Bureau might have been so restricted as to keep within the appropriation.

Mr. METCALF. We keep it within the appropriation now. We can hold these bills up until Congress appropriates the money. It is an obligation that has to be met, and Congress undoubtedly will appropriate the money.

The CHAIRMAN. How much of this appropriation has been expended for armament and how much for armor?

Mr. METCALF. Those appropriations are handled by the Bureau of Ordnance?

Admiral MASON. I should say about half.

The CHAIRMAN. About \$5,000,000 for hull and machinery, and about five millions for armor and armament?

Admiral MASON. Yes. Roughly in the estimated cost of one battle ship the armor would cost about \$2,229,000, while the armament costs a little over \$2,000,000.

The CHAIRMAN. It would be about an equal expenditure for each purpose?

Admiral MASON. Yes.

The CHAIRMAN. At how many navy-yards are we manufacturing or finishing armament?

Admiral MASON. The principal work under ordnance is at the gun factory at Washington Navy-Yard, but there are funds under this same appropriation that are being expended at nearly all the other navy-yards where new ships are being fitted ready for commission.

The CHAIRMAN. Was any part of this appropriation expended for fitting out vessels or repairing vessels previously constructed and completed?

Admiral MASON. No, sir. It was simply getting them ready for commissioning and furnishing them with their original outfit.

The CHAIRMAN. The entire appropriation, then, was limited to that, and the expenditures were limited in accordance with the appropriation?

Admiral MASON. Yes, sir.

Mr. METCALF. Nine new battle ships were added to the fleet last year and four armored cruisers, and we have now three new battle ships under way. The *Mississippi* has been added, and the *Idaho* and *North Carolina* are practically completed. The *Montana* and the *North Carolina*, two 14,500-ton armored cruisers, are very nearly completed, and three scout cruisers are nearly completed.

A large portion of this appropriation was used for armor and armament of those ships; not all on the contract for the *Delaware* and the *North Dakota*.

Admiral MASON. Here is the list of the items on which work has been done since July 1.

The CHAIRMAN. You can give us that statement. Read that off, please.

Admiral MASON. The *Birmingham*, scout cruiser, is fitting out at the Boston yard. The scout cruiser *Chester* is fitting out at the Portsmouth yard, and the *North Carolina*, armored cruiser, is fitting out at the League Island Navy-Yard. The *Montana*, also armored cruiser, is fitting out at Norfolk. The *Michigan*, battle ship, is fitting out at Norfolk. The *Salem* is fitting out at Boston. The *South Carolina* and *South Dakota* are fitting out at League Island and Mare Island Navy-Yard, whereas the battle ships Nos. 28 and 29, the *Delaware* and *North Dakota*, are fitting out, one at Norfolk and the other at Boston. The outfits and ordnance materials that are finally to go on board are being prepared at those yards. Of the five torpedo destroyers, three of them are fitting out at League Island and two at Boston; also the *New Hampshire*, the battle ship. That will come on the list right away. The money was expended at League Island and New York.

The CHAIRMAN. When these vessels are completed, how many battle ships will we then have in the Navy?

Mr. METCALF. Battle ships, 29.

The CHAIRMAN. How many vessels in all? How many cruisers?

Mr. METCALF. I can get you that from the Chief Constructor's report. I can give the names of most of them, if you desire.

Admiral MASON. I can telephone down when I get to the Department.

The CHAIRMAN. I wish you would do that, and include the ships in course of construction. With those, what would be the total naval strength?

Admiral MASON. I will prepare that.

Mr. KEIFER. What are the names of the ships, and where are they now being constructed?

Mr. METCALF. Here is a list of the vessels under construction [reads]:

NAVY DEPARTMENT,
BUREAU OF CONSTRUCTION AND REPAIR,
March 10, 1908.

Vessels under construction, United States Navy.

BATTLE SHIPS.

Name of vessel.	Speed.	Building at—	1908, per cent of completion.	
			Feb. 1.	Mar. 1.
	<i>Knots.</i>			
Idaho.....	17	Wm. Cramps & Sons.....	95.9	97.25
New Hampshire.....	18	New York Ship Building Co.....	97.8	99.30
South Carolina.....	18½	Wm. Cramp & Sons.....	36.4	39.05
Michigan.....	18½	New York Ship Building Co.....	41.6	45.00
Delaware.....	21	Newport News Ship Building Co.....	9.2	12.77
North Dakota.....	21	Fore River Ship Building Co.....	17.5	21.40

ARMORED CRUISERS.

North Carolina.....	22	Newport News Ship Building Co.....	97.0	98.00
Montana.....	22	do.....	93.4	94.96

SCOUT CRUISERS.

Chester.....	24	Bath Iron Works.....	96.2	98.38
Birmingham.....	24	Fore River Ship Building Co.....	96.2	96.69
Salem.....	24	do.....	93.9	94.31

TORPEDO-BOAT DESTROYERS.

Name of vessel.	Building at—	1908, per cent of completion.	
		Feb. 1.	Mar. 1.
Torpedo-boat destroyer No. 17.....	Wm. Cramp & Sons.....	4.5	6.88
Torpedo-boat destroyer No. 18.....	do.....	3.8	6.80
Torpedo-boat destroyer No. 19.....	New York Ship Building Co.....	5.1	8.40
Torpedo-boat destroyer No. 20.....	Bath Iron Works.....	2.5	5.38
Torpedo-boat destroyer No. 21.....	do.....	2.5	4.91

SUBMARINE TORPEDO BOATS.

Submarine torpedo boat No. 9.....	Fore River Ship Building Co.....	99.0	99.00
Submarine torpedo boat No. 13.....	do.....		23.00
Submarine torpedo boat No. 14.....	do.....		23.00
Submarine torpedo boat No. 15.....	do.....		23.00
Submarine torpedo boat No. 16.....	do.....		16.30
Submarine torpedo boat No. 17.....	do.....		7.50
Submarine torpedo boat No. 18.....	do.....		7.50
Submarine torpedo boat No. 19.....	do.....		7.50

COLLIERS.

Vestal.....	Navy-yard, New York.....	64.4	69.40
Prometheus.....	Navy-yard, Mare Island.....	27.3	38.40

TUG BOATS.

Patapsco.....	Navy-yard, Portsmouth.....	38.0	45.00
Patuxent.....	Navy-yard, Norfolk.....	38.0	45.50

Mr. KEIFER. Where is the Fore River Ship Building Company?

Admiral MASON. At Quincy, Mass.

Mr. METCALF. William Cramp & Sons, you know, are at Philadelphia. The New York Ship Building Company is at Camden, N. J. We let the contracts for these destroyers in the latter part of last year. The submarine torpedo boats are all being built at the Fore River Ship Building Company.

Mr. KEIFER. In all your statement about the percentage of completion of the different vessels, you have referred to the 1st day of March, 1908?

Mr. METCALF. Yes. We have a report the first day of each month. All the torpedo boats and destroyers, and the *Delaware* and *North Dakota*, are being built under contracts awarded the latter portion of last year, under last year's naval appropriation bill.

The CHAIRMAN. What is the relation of the cost of the armor of a battle ship to the whole cost?

Mr. METCALF. We are obligated for one more submarine from the Lake Submarine Boat Company.

The CHAIRMAN. What is the relation of the cost of the armor and armament of a battle ship to the whole cost of the ship?

Admiral MASON. That, I should say, is about half. Our total cost for armor and armament for one battle ship of the *Delaware* type—that is, 20,000 tons—is \$4,477,000, and I think that the total cost of the ship is \$9,500,000. I am not sure of that, however.

Mr. METCALF. It is not as much as that. The contract price under \$5,000,000, is it not?

Admiral MASON. It is about \$9,000,000. That would make it \$9,200,000, so that the cost of the armor and armament is pretty near half the cost of the battle ship.

The CHAIRMAN. Does that include equipment?

Admiral MASON. This includes everything except the ammunition. A year ago we also furnished the vessels with ammunition. This is a complete outfit—guns, sights, mounts, and the necessary material and repair parts, etc., that go with them; and in addition to that the total armor for the ship.

The CHAIRMAN. Does it include the anchors, and chains, and everything of that kind?

Admiral MASON. That comes under the equipment.

The CHAIRMAN. I wanted to find out whether it included the equipment.

Admiral MASON. No, sir.

The CHAIRMAN. What is the usual cost of the equipment of a battle ship of the *Delaware* type?

Admiral MASON. I could only guess at that.

The CHAIRMAN. Approximately, what would it cost?

Admiral MASON. It would cost about one-fifth.

The CHAIRMAN. One-fifth of the cost of the whole of the ship?

Mr. METCALF. About \$250,000.

Admiral MASON. Probably \$250,000.

The CHAIRMAN. So that the entire cost of one of these battle ships of the *Delaware* type would be about \$9,500,000?

Admiral MASON. The other part of it is for hull and machinery, and that is all included in the \$5,000,000 that I have estimated for. The equipment and everything is included in that, I should say.

The CHAIRMAN. So that \$9,250,000 is the total cost, except ammunition?

Admiral MASON. Yes, except ammunition; and ammunition now is considered as an ordnance store. We fit out the new ships the same as the old ones.

The CHAIRMAN. How many battle ships, when those now under contract are finished, will we have?

Mr. METCALF. Twenty-nine.

Mr. KEIFER. What are the names of the last two?

Mr. METCALF. The *Delaware* and the *North Dakota*. They are 20,000-ton ships.

Mr. KEIFER. They are going to be the latest in completion, of course?

Mr. METCALF. Yes. I can simply say that we had expected the Naval Committee to act upon this matter, and I had declined—

The CHAIRMAN. You were aware, were you not, that the Naval Committee, Mr. Secretary, had no jurisdiction?

Mr. METCALF. They evidently had jurisdiction last year, because they increased the appropriation from \$9,000,000 to \$10,000,000.

Mr. VREELAND. He says they did not consider this as a deficiency.

The CHAIRMAN. As a matter of fact, it is a deficiency in one sense.

Mr. KEIFER. I do not agree with you, Mr. Chairman. It is no more a deficiency than our Panama appropriation.

The CHAIRMAN. That was a deficiency caused because they could not estimate the amount of work to be done within the year.

Mr. METCALF. Whenever Congress authorizes the building of a ship, I think the money should be appropriated for that ship, so that we can go ahead and make our contracts and meet our payments when they become due, and build the ship just as quickly as we possibly can.

Mr. KEIFER. That is the theory upon which the appropriations and authorizations are made.

Mr. METCALF. There are many claims against the Government arising out of the furnishing of these things for ships, the Government furnishing the material. There is one claim that came up the other day amounting to \$700,000 for damages alleged by changes and delays on the part of the Government in furnishing armor and armament.

Following is list of ships filed by Admiral Mason:

First-class battle ships:	First-class battle ships—	Armored cruisers—Cont'd.
Alabama.	Continued.	New York.
Connecticut.	Nebraska.	North Carolina.
Delaware.	New Hampshire.	Pennsylvania.
Georgia.	New Jersey.	South Dakota.
Idaho.	North Dakota.	Tennessee.
Illinois.	Ohio.	Washington.
Indiana.	Oregon.	West Virginia.
Iowa.	Rhode Island.	Protected cruisers:
Kansas.	South Carolina.	Albany.
Kearsarge.	Vermont.	Atlanta.
Kentucky.	Virginia.	Baltimore.
Louisiana.	Wisconsin.	Boston.
Maine.	Armored cruisers:	Charleston.
Massachusetts.	Brooklyn.	Chattanooga.
Michigan.	California.	Chicago.
Minnesota.	Colorado.	Cincinnati.
Mississippi.	Maryland.	Cleveland.
Missouri.	Montana.	Columbia.

Protected cruisers—Con.	Special class:	Torpedo boats—Cont'd.
Denver.	Dolphin.	Cushing.
Des Moines.	Vesuvius.	Dahlgren.
Galveston.	Gunboats under 500 tons:	Davis.
Milwaukee.	Alvarado.	De Long.
Minneapolis.	Arayat.	Dupont.
Newark.	Callao.	Ericsson.
New Orleans.	Elcano.	Farragut.
Olympia.	Mariveles.	Foote.
Raleigh.	Mindoro.	Fox.
St. Louis.	Pampanga.	Goldsbrough.
San Francisco.	Panay.	Gwin.
Tacoma.	Paragua.	Mackenzie.
Unprotected cruisers:	Quiros.	Manly.
Detroit.	Samar.	McKee.
Marblehead.	Sandoval.	Morris.
Montgomery.	Villalobos.	Nicholson.
Scout cruisers:	Torpedo-boat destroyers:	O'Brien.
Birmingham.	Bainbridge.	Porter.
Chester.	Barry.	Rodgers.
Salem.	Chauncey.	Rowan.
Gunboats:	Dale.	Shubrick.
Bennington.	Decatur.	Somers.
Castine.	Hopkins.	Stockton.
Concord.	Hull.	Stringham.
Don Juan de Austria.	Lawrence.	Talbot.
Isla de Cuba.	Macdonough.	T. A. M. Craven.
Isla de Luzon.	Paul Jones.	Thornton.
Machias.	Perry.	Tingey.
Petrel.	Preble.	Wilkes.
Yorktown.	Stewart.	Winslow.
Gunboat No. 16.	Truxtun.	Submarine torpedo boats:
Gunboats:	Whipple.	Adder.
Annapolis.	Worden.	Cuttlefish.
Dubuque.	Number 17.	Grampus.
Marietta.	Number 18.	Holland.
Newport.	Number 19.	Moccasin.
Paducah.	Number 20.	Octopus.
Princeton.	Number 21.	Pike.
Vicksburg.	Torpedo boats:	Plunger.
Wheeling.	Bagley.	Porpoise.
Light-draft gunboats:	Bailey.	Shark.
Helena.	Barney.	Tarantula.
Nashville.	Biddle.	Viper.
Wilmington.	Blakely.	

PAPER FOR CHECKS AND DRAFTS.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, February 27, 1908.

SIR: I have the honor to invite your attention to the inclosed copies of letters from the Post-Office Department relative to the furnishing of checks on assistant treasurers of the United States for the payment of rural carriers of the postal service. This Department will be unable to furnish the checks that will be required because of the small quantity of check paper on hand, which will not be sufficient for printing the checks already ordered by disbursing officers.

An item of \$1,500 for the purchase of check paper was placed in the urgent deficiency bill by the Senate, but was stricken out in conference.

I have the honor to request that an appropriation of \$1,500, to be available as early as practicable, be made with which to furnish check paper, and herewith submit a copy of my communication heretofore addressed to the chairman of the Senate Committee on Appropriations upon this subject.

Respectfully,

GEO. B. CORTELYOU,
Secretary.

HON. JAMES A. TAWNEY,
*Chairman Committee on Appropriations,
House of Representatives.*

OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., February 21, 1908.

MY DEAR MR. SECRETARY: I am forwarding you a memorandum prepared in the office of the Third Assistant Postmaster-General with reference to the adoption of a uniform check.

As will be noted, requisitions for these checks made on your Department could not be honored owing to a deficiency in the appropriation, and an item covering such deficiency was inserted in the urgent deficiency bill, but unfortunately was stricken out in conference.

In order to carry out the requirements of the Department in this direction an appropriation will be necessary, and I write, therefore, to urge upon you the necessity of obtaining the required legislation.

Faithfully, yours,

G. V. L. MEYER.

The honorable SECRETARY OF THE TREASURY.

POST-OFFICE DEPARTMENT,
THIRD ASSISTANT POSTMASTER-GENERAL,
Washington, February 18, 1908.

Memorandum for the Postmaster-General:

At present there are 49 disbursing postmasters, designated by the Department, for the payment of the rural carriers of the postal service, 39 of whom draw their checks on designated depository banks.

Great difficulty was experienced during the recent financial flurry in handling these checks, for the reason the banks would only handle them through the Clearing-House Association and the assistant treasurers were not permitted to receive them from the postmasters as a part of their postal remittances.

During normal times, moreover, postmasters of the Presidential class can not handle these checks for the reason that the assistant treasurers of the United States, as stated above, can not receive them.

From the experience in the past it is therefore advisable to adopt a uniform check, such as is now used by postmasters located in cities in which there is an assistant treasurer, in payment of the rural carrier service throughout the country.

The Third Assistant Postmaster-General carefully considered the matter, and a letter was prepared to the Treasurer of the United States with the view of ascertaining whether checks of all postmasters

designated to pay the rural carrier service could not be drawn on the Treasurer or an assistant treasurer of the United States.

The reply was in the affirmative, and requisition was immediately made on the Secretary of the Treasury (division of printing and stationery) for sufficient checks for this purpose.

The Treasury Department informally advised this Office that owing to deficiency in the appropriation, requisitions for checks could not be honored; that an item covering such deficiency had been inserted in the urgent deficiency bill (which has now been passed) but, unfortunately, had been stricken out in conference.

The Department is therefore unable, under these conditions, to put into effect April 1, 1908, the proposed adoption of a uniform official check.

The postmaster at St. Louis, Mo., now draws his checks on the assistant treasurer of the United States, St. Louis, and the recent Order No. 1058 of the Postmaster-General, dated February 4, 1908, directed that on and after April 1, 1908, payments should be made by him for the rural carrier service in the State of Missouri instead of by the postmaster at Kansas City, Mo.

Information has just been received from the division of printing and stationery, Treasury Department, that, owing to the insufficient supply of check paper, it is very doubtful if additional check books can be furnished the postmaster at St. Louis, Mo., for the increased business which will result when the proposed change goes into effect.

I have therefore the honor to suggest that this matter be taken up with the Secretary of the Treasury, with the view of ascertaining definitely, before the order of the Postmaster-General above referred to is rescinded, whether or not the Treasury Department can supply these check books to the postmaster at St. Louis.

Respectfully submitted.

A. L. LAWSHE,
Third Assistant Postmaster-General.

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TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, January 31, 1908.

HON. WILLIAM B. ALLISON,
*Chairman Committee on Appropriations,
United States Senate.*

SIR: I have the honor to advise you that owing to an increased demand for disbursing officers' checks the unexpended balance of the appropriation for "Paper for checks and drafts, Independent Treasury, 1908," will be insufficient to meet the demands of the service during the remainder of the fiscal year, and a deficiency appropriation, estimated at \$1,500, will be necessary. It is therefore requested that the amount be included in the urgent deficiency appropriation bill that recently passed the House and is now in the Senate.

There has been an unexpected demand of late for disbursing checks, which is accounted for as follows:

1. The provisions of Department Circular No. 52 of this year, requiring practically all payments to be made by check, has caused an extra demand for checks.

2. Recently the Navy Department instituted a new system whereby "allotment" checks intended for use at navy pay offices are prepared with the amounts of allotments printed in the checks. This has caused a considerable draft on the check paper, as these "allotment" checks were furnished in addition to the usual supplies of ordinary checks previously supplied to assistant treasurers for the use of disbursing officers of the Navy Department.

3. The Post-Office Department recently deemed it expedient, in the interest of better and safer administration, to have post-office warrants printed on the distinctive check paper, instead of ordinary bond paper, which caused a considerable increase in the use of the check paper.

4. In a letter addressed to the Secretary of the Treasury, dated the 27th instant, making requisition for disbursing officers' checks, the Third Assistant Postmaster-General remarks:

"It is the purpose of this Department to establish April 1, 1908, a uniform official check for use by all postmasters designated as disbursing officers for the payment of rural carriers."

It is added in the letter that these checks are intended to be used in the months of March, April, May, and June of the present year, and that they should be in the hands of the assistant treasurers not later than the 15th of next March. Quite an expense for paper is involved in this new business.

The present appropriation for check paper amounts to \$12,000, while \$13,000 was asked for in the estimate. An increase in the check requirement was anticipated by the Department, but the actual needs of the service have exceeded even the estimate, for reasons specified above.

Disbursing officers must be supplied with the necessary blank checks in order to make payments on current obligations of the Government.

All checks and drafts used by the disbursing officers of the Government are printed upon this distinctive paper at the Bureau of Engraving and Printing, and it is found to be economical and expedient to have the whole amount of paper needed during the year made at one time each summer, while the mill is in operation.

Therefore it is found impracticable to apportion the cost by monthly or other allotments, as providing in the act of March 3, 1905, as amended by the act of February 27, 1906. For this reason, under date of July 17, 1907, the Acting Secretary of the Treasury, by the authority given him in said act, waived in this case the application of the provision of the law requiring appropriations to be expended by monthly or other allotments.

Respectfully,

GEO. B. CORTELYOU, *Secretary.*

